

QUESTIONS AND ANSWERS REGARDING CONNECTICUT'S CAMPAIGN FINANCE LAWS - 2004

Report Filing

1. I am treasurer of a candidate committee which was established on June 2, 2004. For the reporting period which ended June 30, the committee received \$200 and had unpaid bills of \$800. For the next reporting period which ended September 30, 2004, the committee received \$5,325 and expended \$4,178. Which forms must I use to comply with my disclosure requirements for the filing due dates of July 7 and October 7, respectively?

The treasurer of a candidate committee is permitted to file an exemption from itemized reporting form (ED-46) for each reporting date until the committee has raised or expended more than \$1,000 in the aggregate for the campaign. Therefore, the treasurer may file on July 7 using form ED-46, but must file the itemized statement of receipts and expenditures, form ED-45, for the October 7 filing date, including all contributions and expenditures from June 2.

2. My candidate won the August 10 party primary. As his treasurer, must I file the 30-day post primary report?

No. The post primary filing requirements are applicable only to committees of candidates who were unsuccessful in the primary. The candidate committee of a successful candidate in the primary must follow the general election reporting schedule. Your next report is due on October 7 (quarterly filing).

3. I have a personal computer at home. I can generate campaign disclosure reports on my computer. Can I file these computer-generated reports or must I use the actual forms provided by the Secretary of the State's Office?

You may use the computer-generated reports provided these contain all of the information required and are in the same format as the State's forms. Moreover, you may also produce individual sections, such as Section B "Contributions from an Individual over \$30 in the aggregate" or Section N "Expenditures" to supplement the form provided by the Secretary of the State's Office.

In-Kind Contributions

4. If an individual donates the use of his vehicle for the use of others in a campaign, is this a contribution? If so, what is the value of the contribution for purposes of reporting and compliance with contribution limitations?

The donation of property or goods to a campaign is considered an In-Kind Contribution by the individual, and must be reported by the campaign treasurer. The law exempts small donations of property or goods, not exceeding \$50 in value, but only if the property or goods are intended to be sold by the campaign at a fundraising

event. In this example, the vehicle is assumed to be worth more than \$50 and will be used generally during the campaign. The value of the vehicle would be calculated as its fair rental value for the period used by the campaign. It is suggested that the treasurer contact a local car rental company to determine what the usual and customary rental price would be for the same or similar type vehicle.

5. If the individual donates his services as a driver and uses his own personal vehicle to deliver campaign literature on one day, is this a contribution?

The law exempts unreimbursed payment for travel expenses by individuals volunteering their services to the extent that the cumulative value does not exceed \$200 with respect to the election. Therefore, the individual has not made a contribution.

6. If an individual uses his home to host a fundraiser for a candidate, and spends money on invitations, food and beverages, is this a contribution?

There is a special exemption for out of pocket costs by an individual for a fundraiser at his residence. If the costs do not exceed \$200 per candidate, the individual has not made a reportable contribution. However, should the individual spend more than \$200, the entire amount is considered an In-Kind Contribution which must be reported and is counted towards the individual's contribution limitation.

7. May a candidate accept free or discounted use of office space for campaign headquarters?

The donation of property at no cost or at a cost which is less than its fair rental value is an In-Kind Contribution by the donor. The amount of the contribution of free office space is its fair rental value. Individuals, sole proprietorships and solely owned professional corporations (P.C.'s) are permitted to make contributions subject to overall limits per candidate. Corporations and partnerships are not permitted to make contributions. Therefore, a candidate is unable to accept free or discounted use of office space owned by a corporation or partnership.

Reporting of Campaign Receipts

8. Where do I report the receipt of a \$25 check from an individual?

Section A of the treasurer's statement is used to report monetary contributions from donors who have not contributed more than \$30 in the aggregate to the committee as of the closing date of the report. If the same individual had previously made a \$10 contribution, then the treasurer must report the contributor's name, address, lobbyist status, and the amount of his aggregate contribution. Monetary contributions received from an individual that exceed \$30 in the aggregate for the campaign must be itemized in Section B.

9. What are the responsibilities of a campaign treasurer concerning the identification of contributors who are also lobbyists?...concerning other contributor information?

The law requires contributors who are lobbyists to notify the treasurer of their lobbyist status at the time that a contribution is made. Additionally, due diligence requires treasurers to request this information at the time that contributions are solicited. If the information is requested and the contributor fails to inform the treasurer of his or her lobbying status, the treasurer is not liable for omitting the lobbyist status of the contributor on the financial disclosure statements filed with the Secretary of the State.

The treasurer is required to obtain from each contributor the contributor's name and residential address. In addition, contributors of greater than \$100 and \$1,000 or less must provide the treasurer with their principal occupation and name of employer. Due diligence requires the treasurer to make a good faith effort to obtain each contributor's principal occupation and employer's name. In the case of a written solicitation for funds, a written request accompanying, or made a part of, the solicitation will satisfy this due diligence requirement. This information should be requested at the time of any oral solicitation. In the case of an unsolicited contribution, due diligence will require either a written or telephone follow-up seeking this information. Keeping records of these efforts is an important factor in proving that due diligence is satisfied.

10. If a town committee pays for a mailing on behalf of a candidate, how should it be reported by the candidate committee?

The candidate committee would report the expenditure as an In-Kind Contribution by the town committee in Section M of the treasurer's statement. By contrast, if the town committee provided the funds that the candidate committee used to pay for the mailing, the transfer would be reported in Section C as a monetary contribution from the town committee.

11. Where should I report a gift of money from the candidate?

A gift of money from the candidate to his candidate committee, with no expectation of repayment, should be reported as "Personal funds of the candidate" in Section G. If the candidate expects the committee to repay him, the transaction is a loan which must be reported in Section I. *Note:* There are no limitations on the amount that a candidate may give or loan to his candidate committee. By contrast, the candidate's spouse and family members are treated as any other individual and therefore are subject to the limitations on contributions applicable to an individual.

12. Where would I report the donation of cakes, valued at \$35, by an individual that were sold at a committee fundraiser?

The donation of the cake is not a contribution; however it must be reported in Section K(4) as an In-Kind Donation not Considered a Contribution in connection with the particular fundraising event. In this regard, the law excludes from the definition of "contribution" the donation (and purchase) by an individual of goods to (or from) a committee at a fundraiser provided the aggregate value donated (or purchased) does not exceed \$50. Further, the treasurer is required to record the aggregate of all funds

received by the committee from individuals in amounts of \$50 or less at its fundraising cake sale in Section K(2) under category "Other purchases not considered contributions".

Contribution Limitations

13. Can an individual who has contributed the maximum amount to the candidate for the election make additional contributions after the election to eliminate a deficit?

No. The contribution limits are imposed by law on a per election (and per candidate) basis. No additional limitation is permitted to eliminate a deficit.

14. Do In-Kind Contributions count towards the individual's contribution limitation?

Yes. The law does not distinguish between Monetary and In-Kind Contributions for purposes of the limitation. All contributions by the individual count toward such individual's to that candidate. So a treasurer should keep track of each individual's Section B monetary contributions in relationship to Section M estimates of aggregate In-Kind Contributions.

15. Does the spouse of a contributor have a separate contribution limitation?

Yes. Note that a contribution made on a joint checking account is credited to the person who actually signs the check. If both signatures appear on the check, then the contribution is credited to each contributor equally (1/2 of the amount of the check).

16. What are the limits on contributions in cash? How about money orders and negotiable instruments other than personal checks?

Cash contributions are limited to \$100 per individual per candidate. The law also requires contributions exceeding \$100 to be made by personal check or credit card of the contributor. Contributions by a political committee (PAC) or a party committee must always be made by check. Money orders and bank checks are acceptable up to \$100.

17. Can an individual who has contributed the limit to a candidate committee also contribute to a political committee with the understanding that the contribution will be provided to the same candidate?

No. "Earmarked" contributions made to a candidate committee through any intermediary committee (PAC or party committee) count against the donor's limitation both to the candidate and the intermediary committee.

Corporate Participation

18. May a corporation use corporate funds to make a contribution to or expenditure for the benefit of a candidate?

No. The only type of corporation permitted to make campaign contributions or expenditures is a solely owned professional corporation (P.C.). Any corporation may

establish a political committee and, upon compliance with the registration requirements, the business entity political committee may make contributions from its funds, as distinguished from corporate funds, to a candidate committee, within the allowable contribution limits applicable to such PACs.

19. Are there any ways a corporation may lawfully participate in an election campaign other than by its political committee?

Yes. Election laws provide various exceptions which permit corporate funds and facilities to be used in support of a candidate. Among the most common examples are:

- (a) in house partisan communications - a corporation may fund communications to its shareholders, directors, executive and administrative personnel, including expressions of support for a specific candidate and suggestions that contributions be made to the candidate. Such communication may not be made outside this restricted class of people unless it is funded by the corporation's registered political committee.
- (b) may donate goods or services to a candidate for a fundraising event provided the cumulative value donated does not exceed \$100 (exception applies on a per event basis). Please note that each business entity may only donate goods or services that they sell or provide as part of their business. A business entity may *not purchase* goods for a fundraiser or *provide funds* to a committee with which to buy goods.
- (c) may purchase an ad in a program booklet for a fundraising event sponsored by a candidate provided the cumulative purchase of ads by the same corporation does not exceed \$250 from any candidate (exception applies on a per election basis). Any entity or individual other than a business entity is limited to an ad purchase of \$50.
- (d) may allow candidates to address the restricted class (owners, stockholders, executive or administrative personnel, or their families) at a corporate meeting or other function, and these candidates may solicit contributions at the meeting or function.
- (e) may allow candidates to address other corporate employees outside the restricted class at a meeting or other corporate function provided that (a) solicitations and endorsements are avoided, and (b) an equal opportunity, if requested, is given to all other candidates seeking election to that office.

Expenditures

20. Is a candidate committee permitted to expend funds on behalf of another candidate?

No. The funds of a candidate committee must be used exclusively to support the candidate for whom it was established. If two or more candidates desire to share campaign headquarters or appear jointly in campaign advertising, each candidate committee must pay the amount of the total cost of the expense which is equivalent to the benefit derived by that candidate.

21. May a candidate be reimbursed by the candidate's committee for out-of-pocket campaign expenses?

Yes, provided the expense is permitted by law and the candidate submits a receipt evincing payment of the expense to the treasurer. A candidate may be reimbursed for any expense directly related to the candidate's campaign, but may not be reimbursed for contributions made to other candidates or committees. The treasurer must itemize these expenses paid by a candidate in Section P of the treasurer's statement before the treasurer may reimburse the candidate. Each reimbursement made to a candidate must also be reported as an expenditure in Section N.

22. Must the treasurer disclose unpaid bills on the treasurer's statement?

Yes. Each expense that is incurred on behalf of the committee but not paid by the close of the reporting period must be itemized in Section O of the treasurer's statement, entitled "Expenses Incurred During this Period but Not Paid". When the expense is actually paid, the treasurer must disclose the expenditure in Section N for the period in which it is paid.

Political Campaign Communications - Attribution Requirements

23. Whose attribution must be included on campaign literature that is printed and mailed by a party committee (state central or town committee) using its bulk mail permit when the printing and mailing expenses are reimbursed by the candidate committee?

The name of the candidate committee, the name of its treasurer and the name of the party committee must be included on the campaign literature. The use of a bulk mail permit constitutes an In-Kind Contribution.

24. How do the attribution requirements apply to campaign signs?

The attribution requirements (paid for by...) apply to signs which exceed 32 square feet in size, but do not apply to lawn signs with smaller dimensions.

25. Do attribution requirements apply to web sites?

Yes. Please remember to include appropriate attributions on all web sites.

26. Where can I get assistance in compliance with campaign financing requirements?

The State Elections Enforcement Commission is ready, willing and able to provide you with assistance. Our office is located at 20 Trinity Street, Suite 101 in Hartford, 06106-1628. Office hours are 8:00 A.M. to 5:00 P.M., Monday through Friday. Our telephone number is 860-566-1776, for Connecticut towns outside the Hartford exchange our toll free number is 1-866-SEEC-INFO [1-(866)-733-2463], our fax number is (860)-566-4402, our e-mail is SEEC@po.state.ct.us and our web address is www.seec.state.ct.us.